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10/28/2021

TO: Local Agency Formation Commission

FROM: Crystal M. Craig, Assistant Executive Officer

SUBJECT: REVIEW OF AMENDMENTS AND UPDATES, AND ADOPTION OF THE COMMISSION'S DISADVANTAGED UNINCORPORATED COMMUNITIES (DUCS) POLICY. (PREVIOUSLY ADOPTED ON FEBRUARY 25, 2021)

EXECUTIVE SUMMARY:

As previously discussed by the Commission, on February 25, 2021, the Commission reviewed and considered amendments and updates and adopted to the Commission's Disadvantaged Unincorporated Communities (DUC) Policy as it provides guidance to staff for the identification of DUC boundaries. Mapping the DUCs in conjunction with the current Countywide City MSR & SOI Reviews and Potential Updates report is critical, as they are a tool in aiding agencies in determining SOI updates.

Staff presented the adopted DUC policy to our consultant RSG, Inc. and worked with them on producing a methodology that made the process of identifying DUCs more efficient. RSG, then suggested a few recommendations to our LAFCO DUC Policy/Methodology.

Two of the substantial changes are adding two sections to our existing policy on "Average Home Sale Price" and "Mortgage Cost." Our consultant utilized data from the Riverside County Assessor-Clerk-Recorder's office and used that data and removed Tax Rate Areas ("TRA") that have an average home sale price greater than the County median home value.

RSG recommended removing areas where the estimated mortgage cost per month is more than 30% of the block group MHI correlated with larger, more expensive properties. RSG, originally assumed by identifying where mortgage costs were high as a percent of MHI the data would reveal cost-burdened areas. Instead, it showed that those areas that were the least cost-burdened by this metric were the most impoverished due to low property values. The 30% figure was taken from RSG's industry experience in estimating rent-

burdened areas, where 30% of income or more going to rent means an area is rent-burdened. A metric was established utilizing ArcGIS Pro from ESRI to identify areas where hypothetical mortgage costs, using the average home sale price, are above 30 percent of area MHI.

In addition, our current policy establishes a threshold of 50 dwellings or 50 registered voters, whichever is less. RSG recommended striking out the dwellings segment. To streamline the identification, RSG, eliminated Registrar of Voter precincts with less than 50 registered voters. RSG, Inc. in consultation with staff, decided to use prior Commission policy that set the number of registered voters at 50 for "inhabited territory". This is consistent with Government Code Section 56033.5 that allows for "commission policy" in determining "inhabited territory." Data was utilized from the Riverside County Registrar of Voters

Attached is a clean version of the policy, in addition a red line version of the original policy is included for reference.

CONCLUSION: On February 25, 2021, the Commission adopted policies to guide staff for the implementation of SB 244, which established various requirements and restrictions related to DUCs.

Staff requests that the Commission approve the additional changes, corrections, and amendments to the existing DUC Policy outlined in the attached report. This DUC Policy provides guidance to staff for the identification of DUC boundaries. Since we are currently undergoing our MSR and SOI updates for cities and special districts, it is important to move ahead with approving this Policy.

The designation of DUCs within the County of Riverside with the latest MHI data and incorporating the methodologies in the attached policy will be brought to the Commission on today's agenda (item 6.f.).

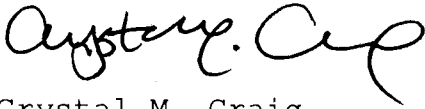
STAFF RECOMMENDATION:

It is recommended that the Commission:

1. Approve the additional changes, corrections, and amendments to the existing LAFCO Disadvantaged Unincorporated Communities (DUCs) Policy.
2. Adopt the LAFCO Disadvantaged Unincorporated Communities (DUCs) Policy.

3. This operational policy is to be included in the Policy Manual that is currently being developed. The complete Policy Manual will come to the Commission for final adoption at a later date.

Respectfully submitted,



Crystal M. Craig
Assistant Executive Officer

Attachments:

- 1.) LAFCO DUC Policy
- 2.) LAFCO DUC Policy (redline version)